



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Montana State Office
5001 Southgate Drive
Billings, Montana 59101-4669
<http://www.blm.gov/mt>



In Reply To:
November 3, 2009 Sale Notice

Notice of Competitive Oil and Gas Lease Sale

November 3, 2009

The Montana State Office is holding a competitive oral sale of Federal lands in the States of Montana, and North Dakota for oil and gas leasing. We are attaching a map of the general areas of nomination, a list of the parcel numbers, legal land descriptions and corresponding stipulations. The list is available on the Internet at: http://www.blm.gov/mt/st/en/prog/energy/oil_and_gas/leasing.html.

Oil and gas forms are available on the Internet at www.blm.gov/blmforms

The following is a link to a State of Montana website that you can use to determine the surface ownership for any parcels advertised on this list in Montana: <http://gis.mt.gov/>

Internet site www.ndrin.com has available, for a fee, real estate records for the majority of the counties in North Dakota. Go to "Land Records," and in the second paragraph, select "click here" to see the list of participating counties.

The following is a website that has information available for lands in South Dakota—
www.beacon.schneidercorp.com

Information regarding leasing of Federal minerals overlain with private surface, referred to as "Split Estate," is available at the following Washington Office website. A Split Estate brochure is available at this site. The brochure outlines the rights, responsibilities, and opportunities of private surface owners and oil and gas operators in the planning, lease sale, permitting/development, and operations/production phases of the oil and gas program:
www.blm.gov/bmp/Split_Estate.htm

When and where will the sale take place?

- When:** The competitive sale begins at 9:00 a.m. on Tuesday, November 3, 2009. The sale room opens at 8:00 a.m. for registration and assignment of bidder numbers.
- Where:** We will hold the sale at the Bureau of Land Management, Montana State Office, 5001 Southgate Drive, Billings, Montana. Parking is available.
- Access:** The sale room is accessible to persons with disabilities. If you need a sign language interpreter or materials in an alternate format, please tell us no later than one week before the sale. You may contact Trish Cook at 406-896-5110, or Mary Mack at 406-896-5090.

May I participate in a competitive oil and gas lease sale if my acreage holdings exceed the acreage limitations provided under 43 CFR 3101.2?

No. Qualified individuals, associations, or corporations may only participate in a competitive lease sale and purchase Federal oil and gas leases from this office if such purchase will not result in exceeding the state limit of 246,080 acres of public domain lands and 246,080 acres of acquired lands (30 U.S.C. 184(d)). For the purpose of chargeable acreage limitations, you are charged with your proportionate share of the lease acreage holdings of partnerships or corporations in which you own an interest greater than 10 percent. The Energy Policy Act of 2005, effective August 8, 2005, provides that acreage holdings in the following leases are not chargeable: leases committed to a federally-approved unit agreement, cooperative plan, or communitization agreement, or for which royalty (including compensatory royalty or royalty-in-kind) was paid in the preceding calendar year. The acreage limitations and certification requirements apply for competitive oil and gas lease sales, noncompetitive lease offers, transfer of interest by assignment of record title or operating rights, and options to acquire interest in leases regardless of whether an individual, association, or corporation has received, under 43 CFR 3101.2-4, additional time to divest excess acreage acquired through merger or acquisition.

How do I participate in the bidding process?

To participate in the bidding process, you must register to obtain a bidder number. If you are bidding for more than one party, you must register and obtain a separate bidder number for each company or individual you represent. We begin registering bidders at 8 a.m. on the day of the sale.

When you register to bid, we will ask you to sign a statement confirming:

- your bid is a good faith intention to acquire an oil and gas lease,
- you understand that any winning bid will constitute a legally binding commitment to accept the lease and pay monies owed, and
- you understand it is a crime under 18 U.S.C. 1001 and 43 U.S.C. 1212 to knowingly and willfully make any false, fictitious or fraudulent statements or representations regarding your bidder registration and intent to bid, accept a lease and pay monies owed.

What is the sale process?

Starting at 9:00 a.m. on the day of the sale:

- the auctioneer will offer the parcels in the order shown on the attached list;
- registered bidders make oral bids on a per-acre basis for all acres in a parcel;
- the winning bid is the highest oral bid equal to or exceeding the minimum \$2.00 bid;
- the decision of the auctioneer is final; and
- names of high bidders (lessees) remain confidential until the results list is available.

How do I calculate my bonus bid for parcels where the U. S. only owns a fractional mineral interest?

If the United States owns less than 100 percent of the oil and gas rights in a parcel, the parcel will reflect the percentage of interest the United States owns. You must calculate your bonus bid and advance rental payment on the **gross acreage in the parcel**. For example, if the U.S. owns 50 percent of the oil and gas in a 100.48 acre parcel, the minimum bid is \$202 (101 acres x \$2) and the advance rental due is \$151.50 (101 acres x \$1.50).

What conditions apply to the lease sale?

- **Parcel withdrawal or sale cancellation:** We reserve the right to withdraw any or all parcels before the sale begins. If we withdraw parcels or cancel a sale, we will post a notice in the Public Records and Information Center and announce the withdrawn parcels at the time of the sale.
- **Lease terms:** Leases issue for a primary term of 10 years. They continue beyond the primary term as long as the lease is producing in paying quantities or receiving production from another source. Rental is \$1.50 per acre for the first 5 years (\$2 per acre after that) until production begins. Once a lease is producing, we charge a royalty rate of 12.5 percent on the production removed or sold from the lease. There are other lease terms on the standard lease form (Form 3100-011, June 1988 or later edition).
- **Stipulations:** Some parcels are subject to surface use restrictions or other conditions affecting how you conduct operations on the lands. The stipulations become part of the lease and replace any inconsistent provisions of the lease form.
- **Bid form:** On the day of the sale, successful bidders must submit a properly completed and signed competitive bid form (Form 3000-2, October 1989 or later edition) along with payment. **If you are using a machine duplicated copy of the electronic version, you must include both sides of the form.** The bid form is a legally binding offer to accept a lease and all its terms and conditions. When the prospective lessee or an authorized representative signs the bid form, it certifies that the lessee meets the conditions of 43 CFR 3102.5-2 and complies with 18 U.S.C. 1860, a law that prohibits unlawful combinations, intimidation of bidders, and collusion among bidders. Once you sign the form, you can't change it. We will not accept any bid form that has information crossed out or is otherwise altered. Successful bidders cannot withdraw their bids.

Fillable bid forms are available online at:

<https://www.blm.gov/FormsCentral/show-form.do?nodeId=672#>

Payments due following the sale:

- **minimum due by 4:00 p.m. on day of sale:**
 - Bonus bid deposit of \$2.00 per acre or fraction thereof;
 - First year rent of \$1.50 per acre or fraction thereof except for future interest parcels; and
 - \$140 non-refundable administrative fee.

The minimum monies due the day of the sale for a winning bid are owed to the United States per 43 CFR 3120.5-2(b) and 43 CFR 3120.5-3(a). If the BLM doesn't receive the minimum payment by the date and time above, the BLM will reject the bid and issue a bill for the monies owed. If the BLM doesn't receive payment of the bill by the due date, the United States will pursue collection by all appropriate methods, and when appropriate assess late fees, civil penalties, interest, administrative charges and penalties on past due amounts. (See, e.g., Federal Claims Collection Act of 1966, as amended; Debt Collection Improvement Act of 1996; and 31 CFR 285.)
- **remaining balance due by 4:00 p.m. November 18, 2009**
 - If you don't pay in full by this date, you lose the right to the lease and all the money you paid on the day of the sale. We may offer the parcel in a future sale.

Method of payment:

- personal check;
Make checks payable to: **Department of the Interior-BLM**. We can't accept cash. If we returned a previous check to you for insufficient funds, we will require a guaranteed payment, such as a cashier's check.
- cashier's check;
- money order; or
- credit card (VISA, MasterCard, American Express, or Discover).

Effective February 1, 2005, the BLM will not accept credit card or debit card payments to the BLM for an amount equal to or greater than \$100,000. We also will not accept aggregated smaller amounts to bypass this requirement. We encourage you to make any payments of \$100,000 or more by automated Clearing House (ACH) or Fed Wire transfer.

We can't grant you any extension of time to pay the money due the day of the sale.

Lease issuance: After we receive the bid forms and all monies due, we can issue the lease. The lease effective date is the first day of the month following the month we sign it. We can issue the lease effective the first day of the month in which we sign it, if you submit a written request before we sign the lease.

How can I find out the results of this sale?

We post the sale results in our Public Records and Information Center and on the Internet at: <http://www.mt.blm.gov/oilgas> . You can buy a \$5/\$10 printed copy of the results list from the Public Records and Information Center.

How do I file a noncompetitive offer after the sale?

Lands that do not receive a bid and are not subject to a pre-sale offer are available for a 2-year period beginning the day after the sale. To file a noncompetitive offer, you must submit:

- three copies of current lease form (Form 3100-11, July 2006 edition) with lands described as specified in our regulations at 43 CFR 3110.5. The lease form must contain the exact wording found on the current official form including the lease terms on pages two and three of the new form. It is not necessary for the offeror to attach page four of the new form which contains the General Instructions and Notices.
- \$365 nonrefundable administrative fee; and
- first year advance rental (\$1.50 per acre or fraction thereof).

Place offers filed on the day of the sale and the first business day after the sale in the drop box in the Public Records and Information Center. We consider these offers simultaneously filed. When a parcel receives more than one filing by 4:00 p.m. on the day after the sale, we will hold a drawing to determine the winner. Offers filed after this time period receive priority according to the date and time of filing in this office. If we receive multiple offers on a single parcel, *we will hold the drawing on Thursday, November 5, 2009, at 1:00 p.m. at the MTSO Information Access Center.*

How do I file a noncompetitive presale offer?

Under regulations at 43 CFR 3110.1(a), you may file a noncompetitive pre-sale offer for lands that:

- are available; and
- have not been under lease during the previous 1-year period; or
- have not been in a competitive lease sale within the previous 2-year period.

Once we post a competitive sale notice you cannot file a pre-sale offer for lands shown on the notice.

To file a pre-sale offer, you must submit:

- three copies of current lease form (Form 3100-11, July 2006) with lands described as specified in our regulations at 43 CFR 3110.5. The lease form must contain the exact wording found on the current official form including the lease terms on pages two and three of the new form. It is not necessary for the offeror to attach page four of the new form which contains the General Instructions and Notices.;
- \$365 nonrefundable administrative fee; and
- first year advance rental (\$1.50 per acre or fraction thereof).

If we don't receive a bid at the sale for the parcel(s) contained in your presale offer, we will issue the lease. You may withdraw your offer prior to the date we sign your lease. The pre-sale offer is your consent to the terms and conditions of the lease, including any additional stipulations advertised in the Competitive Sale Notice.

Where can I obtain information pertaining to the individual Forest Service Stipulations?

The applicable Forest Service (FS) Environmental Impact Studies (EIS) describe stipulations for parcels located within the administrative boundary of the Forest Service units. The Geographic Information System (GIS) maps of the stipulations may be viewed at the following FS offices:

- The individual District Ranger Office identified in the stipulation listing included with this sale notice, or
- The individual Forest Supervisor Office identified in the stipulation listing included with this sale notice, or
- Forest Service, Region One Office, 200 East Broadway, Missoula, Montana.

Where can I obtain information pertaining to the stipulations identified for BLM surface managed parcels?

Contact the appropriate BLM FO if you need additional information regarding the identified stipulations, including the specific portion of a legal subdivision affected by a stipulation.

May I protest BLM's decision to offer the lands in this Notice for lease?

Yes. Under regulation 43 CFR 3120.1-3, you may protest the inclusion of a parcel listed in this sale notice. All protests must meet the following requirements:

- We must receive a protest no later than close of business on October 19, 2009. Protests must be filed 15 calendar days prior to the date of the sale. If our office is closed on the 15th day prior to the date of the sale, we will consider protests received on the next day our office is open to the public timely filed. The protest must also include any statement

of reasons to support the protest. We will dismiss a late-filed protest or a protest filed without a statement of reasons.

- A protest must state the interest of the protesting party in the matter.
- You may file a protest either by mail, in hardcopy form or by telefax to 406-896-5292. You may not file a protest by electronic mail. We will dismiss a protest sent to a fax number other than the fax number identified or a protest filed by electronic mail.
- If the party signing the protest is doing so on behalf of an association, partnership or corporation, the signing party must reveal the relationship between them and be authorized to file a protest in the group's name.
- Please be advised that all protest information and correspondence shall be made publically available.

If the BLM receives a timely protest of a parcel advertised on this Sale Notice, how does it affect bidding on the parcel?

We will announce receipt of any protests at the beginning of the sale. We will also announce a decision to either withdraw the parcel or proceed with offering it at the sale.

If I am the high bidder at the sale for a protested parcel, when will the BLM issue my lease?

We will make every effort to decide the protest within 60 days after the sale. We won't issue a lease for a protested parcel until the State Director makes a decision on the protested parcel. If the State Director denies the protest, we will issue your lease concurrently with that decision.

If I am the successful bidder of a protested parcel, may I withdraw my bid and receive a refund of my first year's rental and bonus bid?

No. In accordance with BLM regulations (43 CFR 3120.5-3), you may not withdraw your bid.

If BLM upholds the protest, how does that affect my competitive bid?

If we uphold a protest and withdraw the parcel from leasing, we will refund your first year rental, bonus bid and administrative fee. If the decision upholding the protest results in additional stipulations, we will offer you an opportunity to accept or reject the lease with the additional stipulations prior to lease issuance. If you do not accept the additional stipulations, we will reject your bid and refund your first year rental, bonus bid and administrative fee.

If BLM's decision to uphold the protest results in additional stipulations, may I appeal that decision?

Yes. An appeal from the State Director's decision must meet the requirements of Title 43 CFR §4.411 and Part 1840.

May I appeal BLM's decision to deny my protest?

Yes. An appeal from the State Director's decision must meet the requirements of Title 43 CFR §4.411 and Part 1840.

May I withdraw my bid if the protestor files an appeal?

No. If the protestor appeals our decision to deny the protest, you may not withdraw your bid. We will issue your lease concurrently with the decision to deny the protest. If resolution of the appeal results in lease cancellation, we will authorize refund of the bonus bid, rentals and administrative fee if –

- there is no evidence that the lessee(s) derived any benefit from possession of the lease during the time they held it, and;
- there is no indication of bad faith or other reasons not to refund the rental, bonus bid and administrative fee.

How do I nominate lands for future sales?

- file a letter with this office describing the lands nominated for sale;
- file a pre-sale offer.

Who should I contact if I have a question?

For more information, contact Lane Carano at 406-896-5092.

When is the next competitive oil and gas lease sale scheduled in Montana?

We are tentatively holding our next competitive sale on January 26, 2010.

Teri Bakken, Chief
Fluids Adjudication Section

- OFFICIAL POSTING DATE MUST BE ON OR BEFORE September 18, 2009 -

The official posting date will be noted on the copy posted in the Information Access Center of the Bureau of Land Management, Billings, Montana.

PUBLIC NOTICE

Any noncompetitive offers received for lands that are listed on the Notice from the time the list is officially posted in the Montana State Office Public Room until the first business day following the completion of the sale will be rejected as unavailable for filing, per 43 CFR 3110.1(a)(ii).

SURFACE OWNERSHIP FOR PARCELS IN THE STATES OF MONTANA, NORTH DAKOTA AND SOUTH DAKOTA

The Montana State Office Competitive Sale Notices and stipulations are available at the following website:

http://www.blm.gov/mt/st/en/prog/energy/oil_and_gas/leasing.html

Sale Notices now include the following link to a State of Montana website. Surface ownership for parcels located in Montana that are advertised on our Competitive Sale Notices can be determined from this website:

<http://gis.mt.gov/>

At the above website, select **Property Map**. Then click on the County **4** times to get to the screen that identifies the township and range (eg. T005NR051E). Then click on the township and range **2** times to reach the screen that displays the sections and subdivisions. At top of the screen, select the symbol for “**Identify**”. Then click on the legal description you wish to query. An ownership screen will be displayed. Select **View Detailed CAMA Records** for additional data regarding the ownership, for example., the owner’s name, taxable value, acreage type classification, and so on.

The following website has available, for a fee, real estate records for the majority of the counties in North Dakota-- www.ndrin.com . Go to “**Land Records**” and in the second paragraph, select “**click here**” to see the list of participating counties.

The following is the website that has information available for lands in South Dakota--
<http://beacon.schneidercorp.com/>

THE FOLLOWING NOTICE WILL BE ATTACHED TO ALL ISSUED LEASES

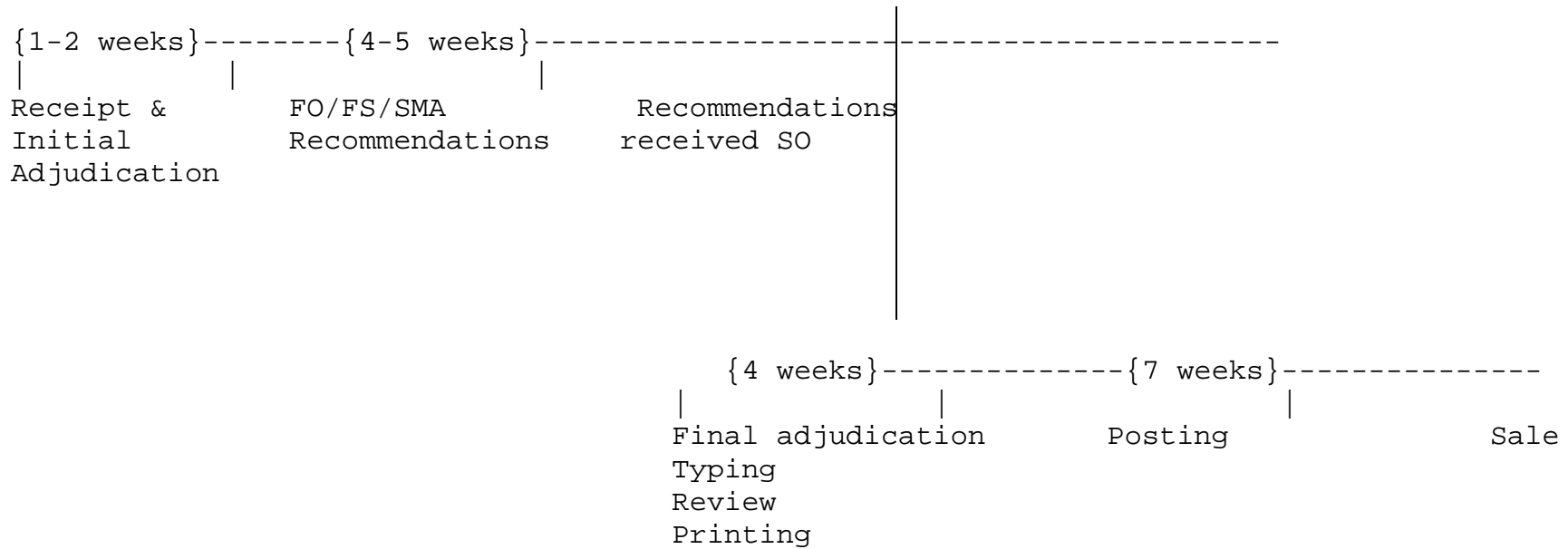
NOTICE TO LESSEE

Provisions of the Mineral Leasing Act (MLA) of 1920, as amended by the Federal Coal Leasing Amendments Act of 1976, affect an entity's qualifications to obtain an oil and gas lease. Section 2(a)(2)(A) of the MLA, 30 U.S.C. 201(a)(2)(A), requires that any entity that holds and has held a Federal coal lease for 10 years beginning on or after August 4, 1976, and who is not producing coal in commercial quantities from each such lease, cannot qualify for the issuance of any other lease granted under the MLA. Compliance by coal lessees with Section 2(a)(2)(A) is explained in 43 CFR 3472.

In accordance with the terms of this oil and gas lease with respect to compliance by the initial lessee with qualifications concerning Federal coal lease holdings, all assignees and transferees are hereby notified that this oil and gas lease is subject to cancellation if: (1) the initial lessee as assignor or as transferor has falsely certified compliance with Section 2(a)(2)(A) or (2) because of a denial or disapproval by a State Office of a pending coal action, i.e., arms-length assignment, relinquishment, or logical mining unit, the initial lessee as assignor or as transferor is no longer in compliance with Section 2(a)(2)(A). The assignee or transferee does not qualify as a bona fide purchaser and, thus, has no rights to bona fide purchaser protection in the event of cancellation of this lease due to noncompliance with Section 2(a)(2)(A).

Information regarding assignor or transferor compliance with Section 2(a)(2)(A) is contained in the lease case file as well as in other Bureau of Land Management records available through the State Office issuing this lease.

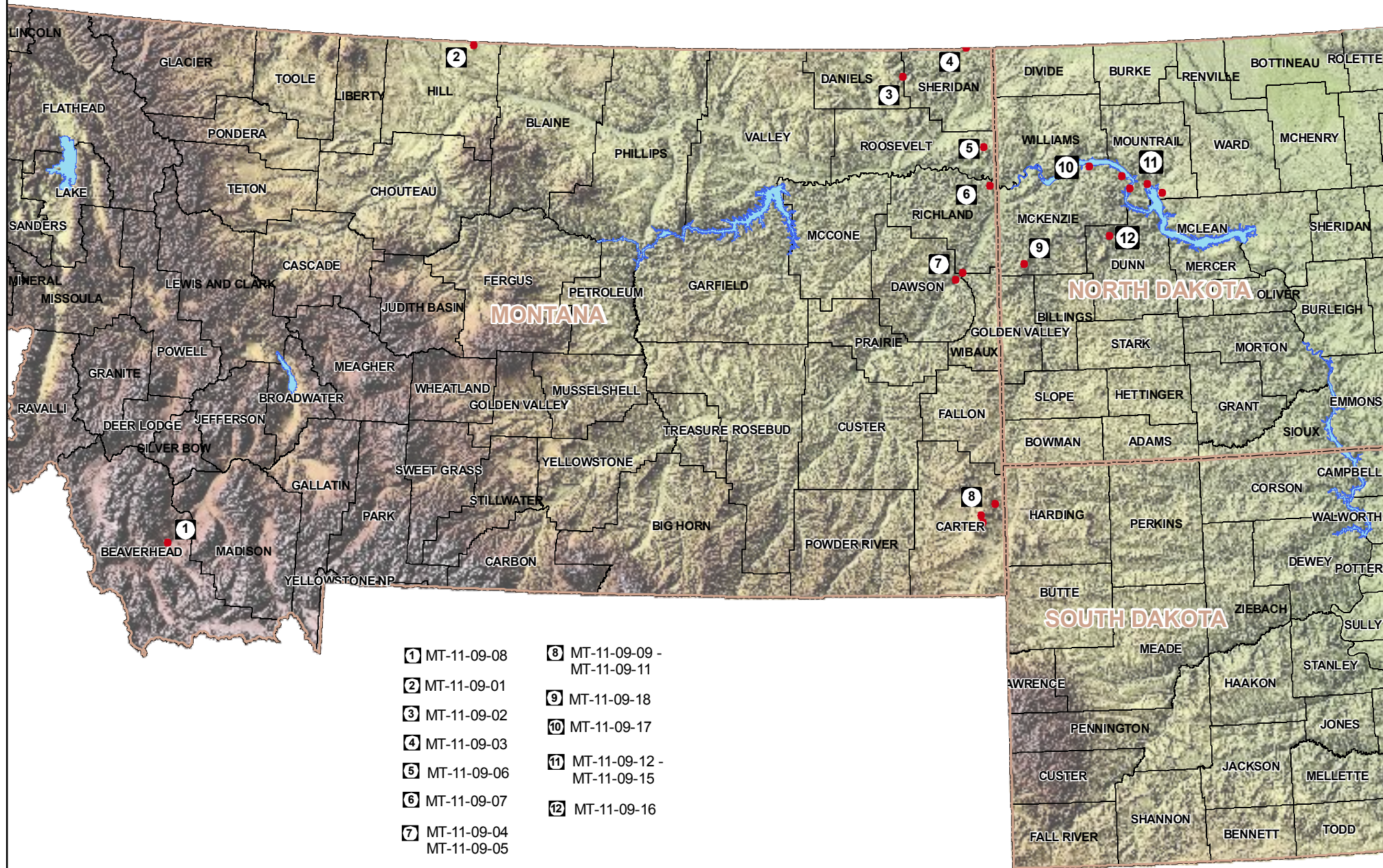
**TIMELINE TO PROCESS EXPRESSIONS OF INTEREST (EOI)
OR OFFERS**



**Total time required to process EOI/Offer
4-5 months (16-18 weeks)**

SMA-Surface Management Agency
e.g., Forest Service, Bureau of Reclamation
FO-BLM Field Office FS-BLM Field Office
SO-Montana State Office

BLM Oil and Gas Lease Sale November 2009



ALL LANDS ARE LISTED IN TOWNSHIP AND RANGE ORDER

MONTANA

11-09-01

MTM 99443

MTM 79010-24

PD

T. 37 N, R. 15 E, PMM, MT

sec. 8 S2;

Hill 320.00 AC

The unleased lands are subject to drainage by the NFR Energy 7-16-37-15D, NFR Energy 9-5-37-15B, NFR Energy 17-1-37-15B, and NFR Energy 17-5-37-15 wells completed in the Niobrara Formation.

Stipulations: Cultural Resources 16-1, Drainage 15-1, Lease Notice 14-7, NSO 11-41, Standard 16-3, TES 16-2, TL 13-20

11-09-02

MTM 99444

MTM 79010-7Q

PD

T. 35 N, R. 51 E, PMM, MT

sec. 8 N2NW;

9 SWSE EXCL 4.77 AC

IN RR ROW;

9 SESW,NWSE;

Daniels 195.23 AC

Stipulations: CSU 12-1, Cultural Resources 16-1, NSO 11-2, TES 16-2, TL 13-1,13-3

11-09-03

MTM 99445

MTM 97300-C

PD

T. 37 N, R. 56 E, PMM, MT

sec. 4 LOTS 13,14;

Sheridan 3.64 AC

Stipulations: Cultural Resources 16-1, TES 16-2, IBC 18-8

11-09-04

MTM 99446

MTM 79010-2P

PD

T. 18 N, R. 57 E, PMM, MT

sec. 10 POR OF LOT 1 (19.50 AC);

10 N2NW;

18 LOTS 3,4;

18 E2SW;

Dawson 254.60 AC

Stipulations: CSU 12-1, Cultural Resources 16-1, NSO 11-2, TES 16-2, TL 13-1,13-3

11-09-05

MTM 99447

MTM 79010-2Q

PD

T. 19 N, R. 57 E, PMM, MT

sec. 30 E2SE;

34 E2E2;

Richland 240.00 AC

Stipulations: CSU 12-1, Cultural Resources 16-1, NSO 11-2, TES 16-2, TL 13-1

11-09-06

MTM 99448

MTM 97300-B

PD

T. 29 N, R. 58 E, PMM, MT

sec. 15 NWNW;

Roosevelt 40.00 AC

Stipulations: Cultural Resources 16-1, NSO 11-2, TES 16-2

11-09-07

MTM 99449

MTM 97300-A

ACQ

T. 26 N, R. 59 E, PMM, MT

sec. 21 W2NW,NWSW;

Richland 120.00 AC

50% U.S. MINERAL INTEREST 1/

Stipulations: CSU 12-1, Cultural Resources 16-1, Lease Notice 14-2, TES 16-2, TL 13-1,13-3

11-09-08

MTM 99450

MTM 79010-8J

PD

T. 7 S, R. 9 W, PMM, MT

sec. 1 S2SW;
2 SESE;
10 NESE;
11 NE;
12 NENW;
14 LOT 4;
14 SWNE, E2NW, SW, NWSE;
21 NENE, SWSE;
22 N2, NESW, NWSE;

Beaverhead 1197.30 AC

Stipulations: CSU 12-1, 12-10,
12-11, Cultural Resources 16-1,
Lease Notice 14-5, NSO 11-17,
11-20, 11-22, 11-23, 11-26,
TES 16-2, TL 13-7, 13-13

11-09-09

MTM 99451

MTM 79010-49

PD

T. 3 S, R. 60 E, PMM, MT

sec. 5 LOT 1;
11 W2NW;

Carter 120.44 AC

Stipulations: CSU 12-1, Cultural
Resources 16-1, TES 16-2, TL 13-1

11-09-10

MTM 99452

MTM 79010-48

PD

T. 3 S, R. 60 E, PMM, MT

sec. 23 NWSE;
25 S2SW;

Carter 120.00 AC

Stipulations: CSU 12-1, Cultural
Resources 16-1, TES 16-2,
TL 13-1, 13-3

11-09-11

MTM 99453

MTM 79010-7X

PD

T. 2 S, R. 61 E, PMM, MT

sec. 1 SWNE;
10 LOTS 5, 11, 12;
11 LOTS 4, 5, 6;
11 NESW;
12 LOTS 1, 2, 3, 4;
12 W2SW, W2SE;
13 W2NW;
14 LOTS 1, 2;

Carter 629.72 AC

Stipulations: Cultural Resources
16-1, NSO 11-2, TES 16-2,
TL 13-1, 13-3

NORTH DAKOTA

11-09-12

NDM 99454

NDM 79010-AJ

ACQ

T. 151 N, R. 90 W, 5th PM, ND

sec. 18 LOTS 3, 4;
18 E2SW;

Mountrail 151.83 AC

50% U.S. MINERAL INTEREST 1/

Stipulations: CSU 12-5, Cultural
Resources 16-1, NSO 11-33,
Standard 16-3, TES 16-2,
TL 13-15

11-09-13

NDM 99455

NDM 79010-FG

ACQ

T. 152 N, R. 92 W, 5th PM, ND

sec. 22 E2SE;
23 E2NENE, E2W2NENE,
S2N2, S2;
24 S2N2, SW;
25 ALL;
26 NE;

Mountrail 1710.00 AC

Stipulations: CSU 12-5, Cultural
Resources 16-1, NSO 11-39,
Standard 16-3, TES 16-2, COE

18-1,18-2,18-7

11-09-14

NDM 99456

NDM 79010-CU

ACQ

T. 152 N, R. 93 W, 5th PM, ND
sec. 33 NWSW,N2NESE;

Mountrail 60.00 AC

Stipulations: CSU 12-5, Cultural
Resources 16-1, Standard 16-3,
TES 16-2, COE 18-1,18-2,18-7

11-09-15

NDM 99457

NDM 97300-K

ACQ

T. 153 N, R. 93 W, 5th PM, ND
sec. 19 LOT 6;

30 LOTS 2,3,4,5;

30 E2W2;

31 LOTS 1,2,3,4;

31 S2NE,E2W2,SE;

32 SW,W2SE,SESE;

McKenzie 1198.59 AC

Stipulations: R1-FS-13d
(McKenzie RD), R1-FS-NSO 14-1,
R1-FS-TL 15-1, R1-FS-CSU 16-2,
R1-FS-TES 18a

11-09-16

NDM 99458

NDM 79010-AM

PD

T. 148 N, R. 95 W, 5th PM, ND
sec. 31 BED OF FORMER LTL MO
RIV RIPAR TO LOT 4
DESC BY M&B; 2/

Dunn 6.28 AC

Stipulations: CSU 12-5, Cultural
Resources 16-1, Standard 16-3,
TES 16-2, COE 18-1,18-2,18-7

11-09-17

NDM 99459

NDM 79010-EI

PD

T. 154 N, R. 96 W, 5th PM, ND
sec. 33 SESE;

34 NESE;

McKenzie 80.00 AC

Stipulations: BLM Cultural
Resources 16-1, BLM TES 16-2,
BLM-FS-CSU 16-1, R1-FS-13d
(McKenzie RD), R1-FS-NSO 14-1,
14-4, R1-FS-TL 15-1,
R1-FS-CSU 16-2, R1-FS-TES 18a,
COE 18-1,18-2,18-7

11-09-18

NDM 99460

NDM 97300-J

ACQ

T. 145 N, R. 103 W, 5th PM, ND
sec. 2 LOTS 1,2;

2 S2NE;

McKenzie 160.20 AC

Stipulations: R1-FS-13d
(McKenzie RD), R1-FS-NSO 14-1,
R1-FS-TL 15-1, R1-FS-CSU 16-2,
R1-FS-TES 18a

STATISTICS

Total Parcels:	18
Total Acreage:	6,607.83
No. of Parcels with Presale Offers	0

FOOTNOTES

- 1/ The United States has a fractional mineral interest. Rentals and the bonus bid are payable on the total gross acres. Royalties are payable on the net acres.
- 2/ The exact metes and bounds description will be made a part of any lease issued for these lands.

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints.

Prior to surface disturbance on slopes over 30 percent, an engineering/reclamation plan must be approved by the authorized officer. Such plan must demonstrate how the following will be accomplished:

- Site productivity will be restored.
- Surface runoff will be adequately controlled.
- Off-site areas will be protected from accelerated erosion, such as rilling, gullyng, piping, and mass wasting.
- Water quality and quantity will be in conformance with state and federal water quality laws.
- Surface-disturbing activities will not be conducted during extended wet periods.
- Construction will not be allowed when soils are frozen.

On the lands described below:

For the purpose of:

To maintain soil productivity, provide necessary protection to prevent excessive soil erosion on steep slopes, and to avoid areas subject to slope failure, mass wasting, piping, or having excessive reclamation problems.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
11-09-02	T. 35 N, R. 51 E, PMM, MT sec. 9 SWSE EXCL 4.77 AC IN RR ROW; 9 SESW,NWSE;
11-09-04	T. 18 N, R. 57 E, PMM, MT sec. 18 LOTS 3,4; 18 E2SW;
11-09-05	T. 19 N, R. 57 E, PMM, MT sec. 30 NESE;
11-09-07	T. 26 N, R. 59 E, PMM, MT sec. 21 NWSW;

11-09-08	T. 7 S, R. 9 W, PMM, MT
	sec. 1 SWSW;
	2 SESE;
	10 NESE;
	11 W2NE, SENE;
	14 LOT 4;
	14 SWNE, E2NW, SW, NWSE;
	21 NENE;
	22 E2NE, NWNE, SENW;
11-09-09	T. 3 S, R. 60 E, PMM, MT
	sec. 11 W2NW;
11-09-10	T. 3 S, R. 60 E, PMM, MT
	sec. 23 NWSE;
	25 S2SW;

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use will be subject to the following special operating constraint: No disturbance of riparian areas of wetlands, intermittent, ephemeral, or perennial streams and rivers would be allowed except for essential road and utility crossings.

On the lands described below:

For the purpose of:

Protection of riparian habitat. (NDRMP - p. 20)

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
11-09-12	T. 151 N, R. 90 W, 5 th PM, ND sec. 18 LOT 3; 18 NESW;
11-09-13	T. 152 N, R. 92 W, 5 th PM, ND sec. 22 E2SE; 23 E2NENE, E2W2NENE, S2N2, S2; 24 S2N2, SW; 25 ALL; 26 NE;
11-09-14	T. 152 N, R. 93 W, 5 th PM, ND sec. 33 NWSW, N2NESE;
11-09-16	T. 148 N, R. 95 W, 5 th PM, ND sec. 31 BED OF FORMER LTL MO RIV RIPAR TO LOT 4 DESC BY M&B;

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints.

All surface disturbing activities and construction of semi-permanent and permanent facilities in VRM Class II, III, and IV areas may require special design including location, painting, and camouflage to blend with the natural surroundings and meet the visual quality objectives for each respective class.

On the lands described below:

For the purpose of:

Control the visual impacts of activities and facilities within acceptable levels.

Any changes to this stipulation will be made in accordance with the land use plan and/or regulatory provisions for such changes.

PARCEL NO.

LEGAL DESCRIPTION

11-09-08	T. 7 S, R. 9 W, PMM, MT
	sec. 1 S2SW;
	2 SESE;
	10 NESE;
	11 NE;
	12 NENW;
	14 LOT 4;
	14 SWNE, E2NW, SW, NWSE;
	21 NENE, SWSE;
	22 N2, NESW, NWSE;

CSU 12-10

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints.

A field inspection will be conducted for special status plant species by the lessee prior to any surface disturbance. A list of special status plant species and any known populations or suitable habitat will be provided after the issuance of the lease. Plant species on the list are subject to change over time as new information becomes available. Plant inventories must be conducted at the time of year when the target species are actively growing and flowering. An acceptable report must be provided to the BLM documenting the presence or absence of special status plants in the area proposed for surface disturbing activities. The findings of this report may result in restrictions to the operator's plans or may preclude use and occupancy.

On the lands described below:

For the purpose of:

Protect and conserve rare plants, associated plant communities and the habitat that supports them.

Any changes to this stipulation will be made in accordance with the land use plan and/or regulatory provisions for such changes.

PARCEL NO.

LEGAL DESCRIPTION

11-09-08	T. 7 S, R. 9 W, PMM, MT
	sec. 1 S2SW;
	2 SESE;
	10 NESE;
	11 NE;
	12 NENW;
	14 LOT 4;
	14 SWNE, E2NW, SW, NWSE;
	21 NENE, SWSE;
	22 N2, NESW, NWSE;

CSU 12-11

CULTURAL RESOURCES LEASE STIPULATION

This lease may be found to contain historic properties and/or resources protected under the National Historic Preservation Act (NHPA), American Indian Religious Freedom Act, Native American Graves Protection and Repatriation Act, E.O. 13007, or other statutes and executive orders. The BLM will not approve any ground disturbing activities that may affect any such properties or resources until it completes its obligations under applicable requirements of the NHPA and other authorities. The BLM may require modification to exploration or development proposals to protect such properties, or disapprove any activity that is likely to result in adverse effects that cannot be successfully avoided, minimized or mitigated.

PARCEL NO.

ALL BLM PARCELS

AND

11-09-17

DRAINAGE STIPULATION

All of the lands contained in this lease are subject to drainage by a well located adjacent to this lease. The well and producing formation are listed as follows:

The lessee shall, within 60 days of lease issuance, notify the Great Falls Field Station of its plans to protect the lease from drainage or, alternatively demonstrate to the Authorized Officer that a protective well would have little or no chance of encountering oil and gas in quantities sufficient to pay in excess the costs of drilling and operating the well. Failure to comply with this provision could result in the assessment of compensatory royalties.

<u>PARCEL NO.</u>	<u>WELL & PRODUCING FORMATION</u>
11-09-01	Well: NFR Energy 7-16-37-15D, SESE, sec. 7, T. 37 N, R. 15 E, PMM, MT
	Well: NFR Energy 9-5-37-15B, SWNW, sec. 9, T. 37 N, R. 15 E, PMM, MT
	Well: NFR Energy 17-1-37-15B, NENE, sec. 17, T. 37 N, R. 15 E, PMM, MT
	Well: NFR Energy 17-5-37-15, SWNW, sec. 17, T. 37 N, R. 15 E, PMM, MT
	Formation: Niobrara for all 4 wells

LEASE NOTICE

CULTURAL RESOURCES

The Surface Management Agency is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures.

This notice would be consistent with the present Montana guidance for cultural resource protection related to oil and gas operations (NTL-MSO-85-1).

PARCEL NO.

11-09-07

LEASE NOTICE 14-2

LEASE NOTICE

CULTURAL RESOURCES

An inventory of the lease lands may be required prior to surface disturbance to determine if cultural resources are present and to identify needed mitigation measures. Prior to undertaking any surface disturbing activities on the lands covered by this lease, the lessee or operator shall:

1. Contact the Surface Management Agency (SMA) to determine if a cultural resource inventory is required. If an inventory is required, then;
2. The SMA will complete the required inventory; or the lessee or operator, at their option, may engage the services of a cultural resource consultant acceptable to the SMA to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the standard ten-acre minimum to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory report is to be submitted to the SMA for review and approval no later than that time when an otherwise complete application for approval of drilling or subsequent surface disturbing operation is submitted.
3. Implement mitigation measures required by the SMA. Mitigation may include the relocation of proposed lease related activities or other protective measure such as data recovery and extensive recordation. The lessee or operator shall immediately bring to the attention of the SMA any cultural resources or any other objects of scientific interest discovered as a result of approved operations under this lease, and shall leave such discoveries intact and undisturbed until directed to proceed by the SMA.

Authorities: Compliance with Section 106 of the National Historic Preservation Act is required for all actions which may affect cultural properties eligible to the National Register of Historic Places. Section 6 of the Oil and Gas Lease Terms (Form 3100-11) requires that operations be conducted in a manner that minimizes adverse impacts to cultural and other resources.

PALEONTOLOGICAL RESOURCES

The lessee or operator shall immediately bring to the attention of the SMA any paleontological resources or any other objects of scientific interest discovered as a result of approved operations under this lease, and shall leave such discoveries intact and undisturbed until directed to proceed by the SMA.

PARCEL NO.

11-09-08

LEASE NOTICE

This parcel contains the following occupancy exclusions:

1. Exploration and development activity must be conducted with roads constructed to an appropriate standard no higher than necessary to accommodate the intended use.
2. Anti-raptor perch devices are required on all aboveground structures.
3. U.S. Fish and Wildlife (USFWS) staff responsible for the management of the Creedman Coulee National Wildlife Refuge will be notified of any exploration and development proposals by the Bureau of Land Management. This notice is necessary to provide the USFWS an opportunity to participate in the evaluation of any proposed activity on the lease, including on-site inspections before site preparation occurs.

PARCEL NO.

11-09-01

NO SURFACE OCCUPANCY STIPULATION

Surface occupancy and use is prohibited within riparian areas, 100-year flood plains of major rivers, and on water bodies and streams.

On the lands described below:

For the purpose of:

To protect the unique biological and hydrological features associated with riparian areas, 100-year flood plains of major rivers, and water bodies and streams, and to maintain riparian/wetlands function and water quality.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
11-09-02	T. 35 N, R. 51 E, PMM, MT sec. 9 SWSE EXCL 4.77 AC IN RR ROW; 9 SESW,NWSE;
11-09-04	T. 18 N, R. 57 E, PMM, MT sec. 10 POR OF LOT 1 (19.50 AC); 10 N2NW; 18 LOT 3; 18 E2SW;
11-09-05	T. 19 N, R. 57 E, PMM, MT sec. 30 NESE; 34 E2SE;
11-09-06	T. 29 N, R. 58 E, PMM, MT sec. 15 NWNW;
11-09-11	T. 2 S, R. 61 E, PMM, MT sec. 10 LOTS 5,11,12; 11 LOTS 5,6; 12 LOTS 1,2; 12 SWSW; 13 W2NW; 14 LOT 1;

NSO 11-2

NO SURFACE OCCUPANCY STIPULATION

Surface occupancy and use is prohibited within one-half mile of Ferruginous Hawk nest sites.

On the lands described below:

For the purpose of:

Maintain the reproductive potential of Ferruginous Hawk nest sites.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

PARCEL NO.

LEGAL DESCRIPTION

11-09-08

T. 7 S, R. 9 W, PMM, MT
sec. 14 SW;
22 NE, NENW, NWSE;

NSO 11-17

NO SURFACE OCCUPANCY STIPULATION

Surface occupancy and use is prohibited within one-half mile from the centerline of Class 1 fishery streams (Blue Ribbon Trout streams).

On the lands described below:

For the purpose of:

To ensure healthy aquatic habitat are maintained along Class 1 fisheries.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

PARCEL NO.

LEGAL DESCRIPTION

11-09-08

T. 7 S, R. 9 W, PMM, MT
sec. 14 LOT 4;
14 S2SW,NWSE;
22 E2NE,SWNE,NWSE;

NSO 11-20

NO SURFACE OCCUPANCY STIPULATION

Surface occupancy and use is prohibited within, and for a distance of 300 feet from the boundaries of cultural properties and archaeological/historic districts determined to be eligible or potentially eligible to the national register of historic places. This includes cultural properties designated for conservation use, scientific use, traditional use, public use, and experimental use. Defined archaeological districts include: Everson Creek/Black Canyon Quarry Complex; Muddy Creek Archaeological District; Lower Beartrap Canyon Archaeological District; and Beaverhead Rock.

On the lands described below:

For the purpose of:

Protect significant cultural properties and archaeological districts and their settings, and to avoid disturbance or inadvertent impacts to these resources.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

PARCEL NO.

LEGAL DESCRIPTION

11-09-08

T. 7 S, R. 9 W, PMM, MT
sec. 14 LOT 4;
14 NWSE;

NSO 11-22

NO SURFACE OCCUPANCY STIPULATION

Surface occupancy and use is prohibited within one-half mile of the boundaries of cultural properties determined to be of particular importance to Native American groups, determined to be traditional cultural properties, and/or designated for traditional use. Such properties include (but are not limited to) burial locations, plant gathering locations, and areas considered sacred or used for religious purposes.

On the lands described below:

For the purpose of:

To avoid disturbance and to protect archaeological properties of known significance to Native American groups, as well as traditional cultural properties, and the setting in which they occur.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

PARCEL NO.

LEGAL DESCRIPTION

11-09-08	T. 7 S, R. 9 W, PMM, MT
	sec. 1 S2SW;
	2 SESE;
	10 NESE;
	11 NE;
	12 NENW;
	14 LOT 4;
	14 SWNE, E2NW, SW, NWSE;
	21 NENE, SWSE;
	22 N2, NESW, NWSE;

NSO 11-23

NO SURFACE OCCUPANCY STIPULATION

Surface occupancy and use is prohibited within one-half mile of designated national historic trails. Designated national historic trails include the Lewis and Clark Trail and the Nez Perce (Nee Me Poo) Trail.

On the lands described below:

For the purpose of:

Preserve and protect designated national historic trails and the natural setting in which they occur.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

PARCEL NO.

LEGAL DESCRIPTION

11-09-08

T. 7 S, R. 9 W, PMM, MT
sec. 14 LOT 4;
14 SWNE, SENW, SW, NWSE;
22 N2, NESW, NWSE;

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy (NSO) or use would be allowed within 200 feet of wetlands, lakes, and ponds.

On the lands described below:

For the purpose of:

Protect wetlands (NDRMP - p. 20)

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
11-09-12	T. 151 N, R. 90 W, 5 th PM, ND sec. 18 LOT 3; 18 NESW;

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy (NSO) of those lands within the floodplain of the Missouri River.

On the lands described below:

For the purpose of:

Protect floodplain from possible pollution (NDRMP - p. 20)

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

PARCEL NO.

LEGAL DESCRIPTION

11-09-13	T. 152 N, R. 92 W, 5 th PM, ND
	sec. 22 E2SE;
	23 E2NENE, E2W2NENE,
	S2N2, S2;
	24 S2N2, SW;
	25 ALL;
	26 NE;

NSO 11-39

NO SURFACE OCCUPANCY

No surface occupancy (NSO) or use would be allowed within 1,000 feet of wetlands, lakes, or ponds.

On the lands described below:

For the purpose of:

Protect of Creedman Coulee National Wildlife Refuge Wetlands.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
11-09-01	T. 37 N, R. 15 E, PMM, MT sec. 8 S2;

UNITED STATES DEPARTMENT OF THE INTERIOR
Bureau of Land Management
5001 Southgate Drive
Billings, Montana 59101-4669

OIL AND GAS LEASE STIPULATIONS

ESTHETICS--To maintain esthetic values, all surface-disturbing activities, semipermanent and permanent facilities may require special design including location, painting and camouflage to blend with the natural surroundings and meet the intent of the visual quality objectives of the Federal Surface Managing Agency (SMA).

EROSION CONTROL--Surface-disturbing activities may be prohibited during muddy and/or wet soil periods.

CONTROLLED OR LIMITED SURFACE USE STIPULATION --This stipulation may be modified, consistent with land use documents, when specifically approved in writing by the Bureau of Land Management (BLM) with concurrence of the SMA. Distances and/or time periods may be made less restrictive depending on the actual onground conditions. The prospective lessee should contact the SMA for more specific locations and information regarding the restrictive nature of this stipulation.

The lessee/operator is given notice that the lands within this lease may include special areas and that such areas may contain special values, may be needed for special purposes, or may require special attention to prevent damage to surface and/or other resources. Possible special areas are identified below. Any surface use or occupancy within such special areas will be strictly controlled, or **if absolutely necessary**, excluded. Use or occupancy will be restricted only when the BLM and/or the SMA demonstrates the restriction necessary for the protection of such special areas and existing or planned uses. Appropriate modifications to imposed restrictions will be made for the maintenance and operations of producing oil and gas wells.

After the SMA has been advised of specific proposed surface use or occupancy on the leased lands, and on request of the lessee/operator, the Agency will furnish further data on any special areas which may include:

100 feet from the edge of the rights-of-way from highways, designated county roads and appropriate federally-owned or controlled roads and recreation trails.

500 feet, or when necessary, within the 25-year flood plain from reservoirs, lakes, and ponds and intermittent, ephemeral or small perennial streams: 1,000 feet, or when necessary, within the 100-year flood plain from larger perennial streams, rivers, and domestic water supplies.

500 feet from grouse strutting grounds. Special care to avoid nesting areas associated with strutting grounds will be necessary during the period from March 1, to June 30. One-fourth mile from identified essential habitat of state and federal sensitive species. Crucial wildlife winter ranges during the period from December 1 to May 15, and in elk calving areas during the period from May 1 to June 30.

300 feet from occupied buildings, developed recreational areas, undeveloped recreational areas receiving concentrated public use and sites eligible for or designated as National Register sites.

Seasonal road closures, roads for special uses, specified roads during heavy traffic periods and on areas having restrictive off-road vehicle designations.

On slopes over 30 percent or 20 percent on extremely erodable or slumping soils.

See Notice on Back

NOTICE

APPLICATIONS FOR PERMIT TO DRILL (APDs)--The appropriate BLM field offices are responsible for the receipt, processing, and approval of APDs. The APDs are to be submitted by oil and gas operators pursuant to the requirements found in Onshore Oil and Gas Order No. 1 -- Approval of Operations on Onshore Federal and Indian Oil and Gas Leases (Circular No. 2538). Additional requirements for the conduct of oil and gas operations can be found in the Code of Federal Regulations Title 43, Part 3160. Copies of Onshore Oil and Gas Order No. 1, and pertinent regulations, can be obtained from the BLM field offices in which the operations are proposed. Early coordination with these offices on proposals is encouraged.

CULTURAL AND PALEONTOLOGICAL RESOURCES--The SMA is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the SMA, shall:

1. Contact the appropriate SMA to determine if a site-specific cultural resource inventory is required. If an inventory is required, then:
2. Engage the services of a cultural resource specialist acceptable to the SMA to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the area of proposed disturbance to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory report is to be submitted to the SMA for review and approval no later than that time when an otherwise complete application for approval of drilling or subsequent surface-disturbing operation is submitted.
3. Implement mitigation measures required by the SMA. Mitigation may include the relocation of proposed lease-related activities or other protective measures such as testing salvage and recordation. Where impacts to cultural resources cannot be mitigated to the satisfaction of the SMA, surface occupancy on that area must be prohibited.

The operator shall immediately bring to the attention of the SMA any cultural or paleontological resources discovered as a result of approved operations under this lease, and not disturb such discoveries until directed to proceed by the SMA.

ENDANGERED OR THREATENED SPECIES--The SMA is responsible for assuring that the leased land is examined prior to undertaking any surface-disturbing activities to determine effects upon any plant or animal species, listed or proposed for listing as endangered or threatened, or their habitats. The findings of this examination may result in some restrictions to the operator's plans or even disallow use and occupancy that would be in violation of the Endangered Species Act of 1973 by detrimentally affecting endangered or threatened species or their habitats.

The lessee/operator may, unless notified by the authorized officer of the SMA that the examination is not necessary, conduct the examination on the leased lands at his discretion and cost. This examination must be done by or under the supervision of a qualified resources specialist approved by the SMA. An acceptable report must be provided to the SMA identifying the anticipated effects of a proposed action on endangered or threatened species or their habitats.

PARCEL NO.

11-09-01, 11-09-12, 11-09-13, 11-09-14, 11-09-16

STANDARD 16-3

ENDANGERED SPECIES ACT SECTION 7 CONSULTATION STIPULATION

The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modification of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act as amended, 16 U.S.C. § 1531 et seq., including completion of any required procedure for conference or consultation.

PARCEL NO.

ALL BLM PARCELS

AND

11-09-17

TES 16-2

TIMING LIMITATION STIPULATION

Surface use is prohibited within crucial winter range for wildlife for the following time period:

December 1 to March 31

This stipulation does not apply to the operation and maintenance of production facilities.

On the lands described below:

For the purpose of (reasons):

Protect crucial White-Tailed Deer, Mule Deer, Elk, Antelope, Moose, Bighorn Sheep, and Sage Grouse winter range from disturbance during the winter use season, and to facilitate long-term maintenance of wildlife populations.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
11-09-02	T. 35 N, R. 51 E, PMM, MT sec. 8 N2NW; 9 SWSE EXCL 4.77 AC IN RR ROW; 9 SESW,NWSE;
11-09-04	T. 18 N, R. 57 E, PMM, MT sec. 10 POR OF LOT 1 (19.50 AC); 10 N2NW; 18 LOTS 3,4; 18 E2SW;
11-09-05	T. 19 N, R. 57 E, PMM, MT sec. 30 E2SE; 34 E2E2;
11-09-07	T. 26 N, R. 59 E, PMM, MT sec. 21 W2NW,NWSW;
11-09-09	T. 3 S, R. 60 E, PMM, MT sec. 11 W2NW;

11-09-10 T. 3 S, R. 60 E, PMM, MT
 sec. 23 NWSE;
 25 S2SW;

11-09-11 T. 2 S, R. 61 E, PMM, MT
 sec. 1 SWNE;
 10 LOTS 5,11,12;
 11 LOTS 4,5,6;
 11 NESW;
 12 LOTS 1,2,3,4;
 12 W2SW,W2SE;
 13 W2NW;
 14 LOTS 1,2;

TIMING LIMITATION STIPULATION

Surface use is prohibited in grouse nesting habitat within 2 miles of a lek during the following time period:

March 1 to June 15

This stipulation does not apply to the operation and maintenance of production facilities.

On the lands described below:

For the purpose of (reasons):

Protect Sharp-tail and Sage Grouse nesting habitat from disturbance during spring and early summer in order to maximize annual production of young and to protect nesting activities adjacent to nesting sites for the long-term maintenance of grouse populations in the area.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

PARCEL NO.

LEGAL DESCRIPTION

11-09-02	T. 35 N, R. 51 E, PMM, MT sec. 8 N2NW; 9 SWSE EXCL 4.77 AC IN RR ROW; 9 SESW,NWSE;
11-09-04	T. 18 N, R. 57 E, PMM, MT sec. 18 LOT 4;
11-09-07	T. 26 N, R. 59 E, PMM, MT sec. 21 W2NW,NWSW;
11-09-10	T. 3 S, R. 60 E, PMM, MT sec. 25 S2SW;
11-09-11	T. 2 S, R. 61 E, PMM, MT sec. 1 SWNE; 10 LOT 5; 11 LOT 4; 11 NESW; 12 LOT 1; 12 NWSW;

TIMING LIMITATION STIPULATION

Surface use is prohibited within big game winter/spring range for wildlife.

December 1 through May 15

The stipulation does not apply to the operation and maintenance of production facilities.

On the lands described below:

For the purpose of (reasons):

Protect Mule Deer, Elk, Antelope, and Moose winter range from disturbance during the winter/spring season, and to facilitate long-term maintenance of wildlife populations.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

PARCEL NO.

LEGAL DESCRIPTION

11-09-08

T. 7 S, R. 9 W, PMM, MT
sec. 1 SWSW;
2 SESE;
10 NESE;
11 NE;
21 NENE, SWSE;
22 E2NE, NW, NESW;

TL 13-7

TIMING LIMITATION STIPULATION

Surface use is prohibited within one mile of Ferruginous Hawk nest sites that have been active within the past five years during the following time period:

March 1 through August 31

The stipulation does not apply to the operation and maintenance of production facilities.

On the lands described below:

For the purpose of (reasons):

Protect reproductive potential of breeding habitat for special status raptors.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

PARCEL NO.

LEGAL DESCRIPTION

11-09-08

T. 7 S, R. 9 W, PMM, MT
sec. 14 LOT 4;
14 SWNE, E2NW, SW, NWSE;
21 NENE;
22 N2, NESW, NWSE;

TL 13-13

TIMING LIMITATION STIPULATION

No seismic exploration would be allowed within 500 feet of waterfowl nesting habitat during the following time period:

March 1 through July 1

This stipulation does not apply to the operation and maintenance of production facilities.

On the lands described below:

For the purpose of (reasons):

Protect nesting waterfowl (NDRMP p. 20)

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

PARCEL NO.

LEGAL DESCRIPTION

11-09-12

T. 151 N, R. 90 W, 5th PM, ND
sec. 18 LOT 3;
18 NESW;

TL 13-15

TIMING LIMITATION STIPULATION

Surface use for drilling and construction activity is prohibited during the following time period:

April 1 to August 15

On the lands described below:

For the purpose of (reasons):

To protect Creedman Coulee National Wildlife Refuge wildlife populations and habitats

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

PARCEL NO.

LEGAL DESCRIPTION

11-09-01

T. 37 N, R. 15 E, PMM, MT
sec. 8 S2;

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Serial Number

Name of Project

**STIPULATION FOR LANDS UNDER JURISDICTION
OF DEPARTMENT OF THE ARMY,
CORPS OF ENGINEERS**

The lands embraced in this lease issued under the Mineral Leasing Act of February 25, 1920 (41 Stat. 437; 30 U.S.C. 181 *et seq.*), as amended, or the Mineral Leasing Act for Acquired Lands of August 7, 1947 (61 Stat. 913; 30 U.S.C. 351 *et seq.*) being under the jurisdiction of the Department of the Army, Corps of Engineers, the lessee hereby agrees:

(1) That *all* rights under this lease are subordinate to the rights of the United States to flood and submerge the lands, permanently or intermittently, in connection with the operation and maintenance of the above-named project.

(2) That the United States shall *not* be responsible for damages to property or injuries to persons which may arise from or be incident to the use and occupation of the said premises, or for damages to the property of the lessee, or for injuries to the person of the lessee (if an individual), or for damages to the property or injuries to the person of the lessee's officers, agents, servants, or employees, or others who may be on said premises at their invitation or the invitation of anyone of them arising from or incident to the flooding of the said premises by the Government or flooding from any other cause, or arising from or incident to any other governmental activities; and the lessee shall hold the United States harmless from any and all such claims.

(3) That the work performed by the lessee on the lands shall be under the general supervision of the District Engineer, Corps of Engineers, in direct charge of the project, and subject to such conditions and regulations as may be prescribed by him, and the plans and location for all structures, appurtenances thereto, and work on said lands shall be submitted to the said District Engineer for approval, in advance, of

commencement of any work on said lands. The District Engineer shall have the right to enter on the premises, at any time, to inspect both the installation and operational activities of the lessee.(4) That no structure or appurtenance thereto shall be of a material or construction determined to create floatable debris.

(5) That the construction and operation of said structures and appurtenances thereto shall be of such a nature as not to cause pollution of the soils and the waters of the project.

(6) That the United States reserves the right to use the land jointly with the lessee in connection with the construction, operation, and maintenance of the Government project and to place improvements thereon or to remove materials therefrom, including sand and gravel and other construction material, as may be necessary in connection with such work, and the lessee shall not interfere, in any manner, with such work or do any act which may increase the cost of performing such work. If the cost of the work performed by the Government at and in connection with the project, including work performed on lands outside the property included in the lease, is made more expensive by reason of improvements constructed on the leased property by the lessee, the lessee shall pay to the United States money in an amount, as estimated by the Chief of Engineers, sufficient to compensate for the additional expense involved.

PARCEL NO.

11-09-13, 11-09-14, 11-09-16, 11-09-17

COE 18-1

CORPS OF ENGINEERS STIPULATION

1. The Secretary of the Army or designee reserves the right to require cessation of operations if a national emergency arises or if the Army needs the leased property for a mission incompatible with lease operations. On approval from higher authority, the commander will give the lessee written notice or, if time permits, request BLM to give notice of the required suspension. The lessee agrees to this condition and waives compensation for its exercise.
2. If the commander or the commander's authorized representative discovers an imminent danger to safety or security which allows no time to consult BLM, that person may order such activities stopped immediately. The state BLM Director will be notified immediately, will review the order, and will determine the need for further remedial action.
3. If contamination is found in the operating area, the operator will immediately stop work and ask the commander or commander's representative for help.
4. Lessee liability for damage to improvements shall include improvements of the Department of Defense.
5. Before beginning to drill, the lessee must consult with third parties authorized to use real estate in the leased area and must consider programs for which third parties have contractual responsibility.
6. A license to conduct geophysical test on the leased area must be obtained separately from the installation commander or the District Commander.
7. Civil works only: conditions in BLM Form 3109-2, Stipulation for Lands Under Jurisdiction of Department of the Army Corps of Engineers, or successor form.

PARCEL NO.

11-09-13, 11-09-14, 11-09-16, 11-09-17

**CORPS OF ENGINEERS
INFORMATION NOTICE**

- No surface occupancy shall be allowed on those lands below elevation 1855 feet msl (mean sea level) or within 300 feet horizontally from said elevation.
- All mineral exploration and production infrastructure shall have a minimum setback of twelve-hundred (1,200) feet from any Tribal, Federal, State, County, or private infrastructure. This includes but is not limited to: levees, dams, intakes and buildings.
- No surface occupancy shall be allowed on islands located within the flood control pool for Lake Sakakawea, regardless of their elevation.
- There are numerous archaeological (cultural and historical) sites on project lands. No surface occupancy will be allowed within a minimum of one-hundred (100) feet of any identified cultural resource site. However, case by case review shall be coordinated through the Riverdale Office Staff Archaeologist located at the Corps of Engineers Project Office in Riverdale, North Dakota, to determine adequate protection.
- All lease areas shall be cleared for Threatened and Endangered Species Usage. If any such usage has been documented in the immediate area, mineral exploration activities shall be conditioned in coordination with the Missouri River Recovery Program coordinator located at the Corps of Engineers Project Office in Riverdale, North Dakota.
- On those lands, which consist of highly erodible soils, any surface disturbances shall be kept to a minimum. The use of proper engineering practices shall be used to minimize potential soil erosion.
- Road construction in association with mineral exploration will be conducted in a manner as primitive as possible, and will be constructed using best engineering practices to minimize surface disturbance.
- All fill material required for the exploration or production phase shall be clear of all invasive or noxious weed seeds. Obtaining fill materials from project lands is prohibited.
- Any current interior or boundary fence that is located within the lease area shall be maintained, or possibly replaced, to prevent livestock and/or general public from entering the site for their safety.
- No surface occupancy will be allowed within twelve-hundred (1,200) feet of any leased or Corps managed recreation or zoned limited development area.
- Exploration activities that extend beneath the flood control pool of Lake Sakakawea (1854 feet msl) will require Regulatory review in accordance with Section 10/404 authorities (Rivers and Harbors Act and Clean Waters Act respectively).

PARCEL NO.

11-09-13, 11-09-14, 11-09-16, 11-09-17

COE 18-7

**NOTICE FOR LANDS OF THE NATIONAL FOREST SYSTEM
UNDER JURISDICTION OF
DEPARTMENT OF AGRICULTURE**

The permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of Interior in the permit. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of an exploration plan by the Secretary of the Interior, (2) uses of all existing improvements, such as forest development roads, within and outside the area permitted by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by an exploration plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed to:

District Ranger, McKenzie Ranger District
Dakota Prairie Grasslands
1901 South Main Street
Watford City, ND 58854

who is the authorized representative of the Secretary of Agriculture.

CULTURAL RESOURCES - The FS is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures, in accordance with the Archaeological Resources Protection Act of 1979, the National Historic Preservation Act of 1966 (as amended), and the American Indian Religious Freedom Act of 1996. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the FS, shall:

1. Contact the FS to determine if a site specific cultural resource inventory is required. If a survey is required, then:
2. Engage the services of a cultural resource specialist acceptable to the FS to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the area of proposed disturbance to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory report is to be submitted to the FS for review and approval at the time a surface disturbing plan of operation is submitted.
3. Implement mitigation measures required by the FS and BLM to preserve or avoid destruction of cultural resource values. Mitigation may include relocation of proposed facilities, testing, salvage, and recordation or other protective measures. All costs of the inventory and mitigation will be borne by the lessee or operator, and all data and materials salvaged will remain under the jurisdiction of the U.S. Government as appropriate.

The lessee or operator shall immediately bring to the attention of the FS and BLM any cultural or resources or any other objects of scientific interest discovered as a result of surface operations under this lease, and shall leave such discoveries intact until directed to proceed by FS and BLM.

Vertebrate Paleontology Notice - The FS is responsible for assuring that the leased lands are examined to determine if paleontological resources are present and to specify mitigation measures, in accordance with Organic Act, and the National Forest Management Act of 1976

Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the Forest Service, shall:

1. Contact the Forest Service to determine if a site-specific vertebrate paleontologic inventory is required. The Forest Service will conduct inventories and surveys as part of the field review for the proposed activity on the lease. The operator may voluntarily engage the services of a qualified paleontologist to conduct the inventory.
2. Implement mitigation measures required by the Forest Service and Bureau of land management to preserve or avoid destruction of vertebrate paleontologic resources. Mitigation may include relocation of proposed facilities or other protective measures.
3. The lessee or operator shall immediately bring to the attention of the Forest Service any vertebrate paleontologic resources discovered as a result of surface operation under this lease, and shall leave such discoveries intact until directed to proceed by the Forest Service.

FLOODPLAIN AND WETLANDS - The lessee is hereby notified that this lease may contain land within a riparian ecosystem. All activities within this area may be highly restricted in order to comply with Executive Order 11988 - *Floodplain Management* and Executive Order 11990 - *Protection of Wetlands*, in order to preserve and restore or enhance the natural and beneficial values served by floodplains and wetlands.

Riparian ecosystems will be managed by the Forest Service to protect from conflicting uses in order to provide healthy, self-perpetuating plant and water communities that will have optimum diversity and density of understory and overstory vegetation. Occupancy and use of lands within riparian ecosystems proposed in a proposed Surface Use Plan of Operations will be considered in an environmental analysis done to identify the mitigation measures necessary to protect the riparian area. Special measures such as road design, well pad size and location or directional drilling, may be made part of the permit authorizing the activity.

PARCEL NO.

11-09-15, 11-09-17, 11-09-18

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed on the lands described below (legal sub-division or other description).

For the purpose of:

1. Surface occupancy and use is prohibited on slopes greater than 40 percent to protect soil resources from loss of productivity, prevent erosion on steep slopes, soil mass movement, and resultant sedimentation. Refer to the Land and Resource Management Plan, Grassland-wide Direction, Soils, number 6, and Appendix D-3.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

PARCEL NO.

LEGAL DESCRIPTION

11-09-15	T. 153 N, R. 93 W, 5 th PM, ND sec. 30 PORTIONS OF LOTS 2,3,4,5; 30 E2W2; 31 PORTIONS OF SENE; 32 PORTIONS OF E2SW,NWSW,W2SE, SESE;
11-09-17	T. 154 N, R. 96 W, 5 th PM, ND sec. 33 PORTIONS OF SESE; 34 PORTIONS OF NESE;
11-09-18	T. 145 N, R. 103 W, 5 th PM, ND sec. 2 PORTIONS OF S2NE;

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed on the lands described below (legal subdivision or other description).

For the purpose of:

To maintain the 1/4 mile no disturbance zone around Prairie Falcon nests (Custer Forest Plan, page 19).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
11-09-17	T. 154 N, R. 96 W, 5 th PM, ND sec. 34 PORTIONS OF NESE;

TIMING LIMITATION STIPULATION

No surface use is allowed during the following time period(s). This stipulation applies to drilling, testing, new construction projects, and does not apply operation and maintenance of production facilities.

March 1 - June 15

Within 1 mile (line of sight) of active sharp-tailed grouse display grounds on the lands described below:

For the purpose of:

To prevent abandonment of display grounds and reduced reproductive success. Refer to the Land and Resource Management Plan Grassland-wide Direction, Fish, Wildlife, and Rare Plants, number 15 and Appendix D-5.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
11-09-15	T. 153 N, R. 93 W, 5 th PM, ND sec. 19 PORTIONS OF LOT 6; 30 PORTIONS OF LOTS 3,4; 30 LOT 2;
11-09-17	T. 154 N, R. 96 W, 5 th PM, ND sec. 34 NESE;
11-09-18	T. 145 N, R. 103 W, 5 th PM, ND sec. 2 PORTIONS OF LOTS 1,2;

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints.

Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified by the contrary by the BLM, shall:

1. Contact the BLM to determine if a site-specific vertebrate paleontological inventory is required. If it is required, the operator must engage the services of a qualified paleontologist, acceptable to the BLM, to conduct the inventory. An acceptable inventory report is to be submitted to the BLM for review and approval at the time a surface-disturbing plan of operation is submitted.
2. Implement mitigation measures required by the BLM to preserve, avoid, or recover vertebrate paleontological resources. Mitigation may include relocation of proposed facilities or other protective measures. All costs associated with the inventory and mitigation will be borne by the lessee or operator.
3. The lessee or operator shall immediately bring to the attention of the BLM any vertebrate paleontological resources discovered as a result of surface operations under this lease, and shall leave such discoveries intact until directed to proceed by the BLM.

On the lands described below:

For the purpose of:

Protect key paleontological resources from disturbance, or mitigate the effects of disturbance to conserve scientific and interpretive values, and the interests of the surface owner.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

PARCEL NO.

LEGAL DESCRIPTION

11-09-17

T. 154 N, R. 96 W, 5th PM, ND
sec. 33 SESE;
34 NESE;

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints.

Try to locate activities and facilities away from the water's edge and outside the riparian areas, woody draws, wetlands, and floodplains. If necessary to locate facilities in these areas, then:

- Deposit no waste material (silt, sand, gravel, soil, slash, debris, chemical or other material) below high water lines, in riparian areas, in the areas immediately adjacent to riparian areas or in natural drainage ways (draws, land surface depressions or other areas where overland flow concentrates and flows directly into streams or lakes).
- Deposit no soil material in natural drainage ways.
- Locate the lower edge of disturbed or deposited soil banks outside the active floodplain.
- Stockpile no topsoil or any other disturbed soil in the active floodplain.
- Locate drilling mud pits outside riparian areas, wetlands and floodplains. If location is unavoidable in these areas, seal and dike all pits to prevent leakage or use containerized mud systems.

On the lands described below:

For the purpose of:

To protect the biological and hydrologic features of riparian areas, woody draws, wetlands, and floodplains. Refer to the Land and Resource Management Plan Grassland-wide Direction, Water, number 6 and Appendix D-2.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
11-09-15	T. 153 N, R. 93 W, 5 th PM, ND sec. 19 PORTIONS OF LOT 6; 30 PORTIONS OF LOTS 2,3,4,5; 30 SENW,E2SW; 31 PORTIONS OF S2NE,NENW; 32 PORTIONS OF N2SW,SESW,W2SE;
11-09-17	T. 154 N, R. 96 W, 5 th PM, ND sec. 33 PORTIONS OF SESE; 34 PORTIONS OF NESE;
11-09-18	T. 145 N, R. 103 W, 5 th PM, ND sec. 2 PORTIONS OF LOT 1;

**USDA - FOREST SERVICE
THREATENED, ENDANGERED, AND SENSITIVE
PLANT OR ANIMAL SPECIES LEASE NOTICE**

The lease area may contain threatened and endangered species or habitat necessary for the continued existence of threatened, proposed, candidate or endangered species which are protected by the 1973 Endangered Species Act, as amended (16 USC 1531 et seq.) and implementing regulations (50 CFR 402 et seq.). The lease area may also contain habitat or species, which may require protective measures to prevent them from being listed as threatened or endangered; or result in a loss of viability or biological diversity (36 CFR 219.19 or 219.26). A biological evaluation of the leased lands may be required prior to surface disturbance to determine if endangered, threatened, proposed, candidate or sensitive plant or animal species or their habitat are present and to identify needed mitigation measures. Prior to under taking any surface-disturbing activities on the lands covered by this lease, the lessee or operator shall:

1. Contact the Forest Service to determine if a biological evaluation is required. The Forest Service is responsible for ensuring that the leased land is examined through a biological evaluation, prior to undertaking any surface-disturbing activities, to determine effects upon any plant or animal species listed or proposed for listing as threatened, endangered, or a sensitive species-
2. The lessee or operator may choose to conduct the evaluation on the leased lands at their discretion and cost. This biological evaluation must be done by or under the supervision of a qualified biologist/botanist approved by the Forest Service. An acceptable report must be provided to the Forest Service identifying the anticipated effects of a proposed action on endangered, threatened, proposed, candidate or sensitive species. An acceptable biological evaluation is to be submitted to the Forest Service for review and approval no later than that time when an otherwise complete application for permit to drill or subsequent surface-disturbing operation is submitted.
3. Implement mitigation measures required by the Forest Service. Mitigation may include the relocation of proposed lease-related activities or other protective measures. The findings of the biological evaluation, analysis and consultation may result in restrictions to the operator's plans or even disallow use and occupancy to comply with the 1973 Endangered Species Act (as amended), threatened and endangered species regulations and Forest Service statutes and regulations.

If endangered, threatened, proposed, candidate or sensitive plant or animal species are discovered in the area after any required biological evaluation has concluded, an evaluation will be conducted to assess the effect of ongoing and proposed activities. Based on the conclusion drawn in the evaluation, additional restrictions or prohibitions may be imposed to protect the species or their habitats.

PARCEL NO.

11-09-15, 11-09-17, 11-09-18

SPECIAL STIPULATION

United States - Canada International Boundary

Exploration and production operations within the International Boundary Reservation, which is a 60-foot strip along the United States - Canada border, are subject to the following provisions:

- (a) The international boundary markers shall not be disturbed;
- (b) The boundary vistas shall not be permanently obstructed or for any lesser period of time not previously approved in writing by the International Boundary Commission, within a width of three (3) meters of the boundary line; and
- (c) The International Boundary Commission at all times will be left free to discharge its responsibilities under the Convention of 1908, the Treaty of 1925, and any other applicable legal authority without added expense and without undue interference or delay.

PARCEL NO.

11-09-03